

May 31, 2002

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne Brathwaite Burke  
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From: David E. Janssen  
Chief Administrative Officer

## **STATE LEGISLATIVE UPDATE**

### **State Budget Update**

Last night, the Legislature set the stage for the Budget Conference Committee to begin next week. On Tuesday, May 28, 2002, both the Assembly and Senate Budget Committees adopted their subcommittee reports, however, the Senate's attempt to immediately pass its budget plan on the floor was defeated on a 25-14 party line vote, with Senate Republicans objecting to the increase in the motor vehicle excise fee and calling for a limit on State spending. On Thursday, the Senate finally passed its version of the Budget after tax and other revenue increases were removed from the bill with an agreement that the Conference Committee would decide how to make up the shortfall. The Assembly passed its budget plan on Thursday on a party line vote.

According to the Legislative Analyst's Office, the Senate budget plan was approximately \$1 billion out of balance, due in large measure to the restoration of many of the Governor's budget reductions. The Assembly budget plan is similar in that respect. The Senate bill directed the Budget Conference Committee to balance the budget through additional budget cuts, tax increases or borrowing. Consequently, when the Conference Committee begins its deliberations, virtually all options will be on the table, including many that were not considered or even rejected by the Budget Committees. Proposed cuts to counties, such as various reductions in administrative costs, that were restored by the Budget Committees are likely to be reconsidered by the Conference Committee as it struggles to come up with a balanced budget.

From our review of the various subcommittee reports that are now available, the following items of interest to the County have not previously been reported on.

**Public Library.** Both the Senate and the Assembly rejected the Governor's May Revision proposal to cut the Public Library Foundation by an additional \$11.8 million.

**Arts Council.** Both the Senate and the Assembly reduced local grants by \$7 million rather than the \$14 million recommended by the Governor. The Senate bill transfers \$1 million of the \$2 million specified for the Tools for Tolerance program at the Wiesenthal Center to the Organizational Support Grant Program.

**SB 90 Mandate Reimbursements.** Both the Senate and the Assembly seem uncertain as to whether the Governor's proposal to suspend mandate payments to local governments should apply to local agencies (such as the County Department of Mental Health) that administer special education programs. The Assembly exempted such claims for prior year spending and delayed a decision on current year claims until conference, as did the Senate. The Assembly adopted trailer bill language to require all deferred amounts to be repaid within three years.

**Trial Court Security by Local Agencies.** Both the Assembly, at \$9.6 million, and the Senate, at \$14.4 million, approved funding for the increased cost of security provided by local agencies.

**Bio-terrorism Preparedness and Response.** Both the Senate and the Assembly approved \$50.8 million in Federal grant funds to improve State and local preparedness.

**Red Imported Fire Ant Program.** The Senate cut the program by \$2 million and the Assembly by \$4.1 million.

**Office of Criminal Justice Planning.** Both bodies essentially adopted the Governor's recommendation to cut General Fund contributions to Local Assistance Grants and the High Technology Theft Apprehension and Prosecution Program by 50 percent. And while the Senate did so as well on the War on Methamphetamine Program and the Cold Hit Program, the Assembly cut even deeper, \$7.5 million and \$17.2 million, respectively.

**High Technology Equipment Grants.** The Assembly adopted the Governor's recommendation to cut \$35.4 million; however, the Senate cut only \$16.9 million.

**Adult System of Care.** The Assembly restored \$7 million.

**Medi-Cal Co-Pay.** The Assembly adopted the Governor's recommendation to charge a co-pay up to the maximum allowed under Federal law.

**Medi-Cal/Health Families Outreach.** The Assembly restored \$6 million of the Governor's proposed \$12 million cut in the outreach program.

**Minimum Wage.** The Assembly adopted trailer bill language to automatically adjust the State minimum wage every January 1.

**CalWORKs Community Colleges.** Both the Senate and the Assembly adopted the Governor's proposal to restore \$20 million for Special Services on a matching basis, and added \$9 million of one-time Prop 98 funds. In addition, the Senate restored \$23 million and the Assembly \$13 million of the Governor's proposed cut of \$36 million in Adult Education CalWORKs.

**Turning Point Academy.** Both the Assembly and the Senate eliminated all funding for a \$2.9 million savings.

**California Integrated Seismic Network.** The Senate reduced/delayed \$1.2 million in funding.

**Medfly Preventive Release Program.** The Senate approved one-time funding as recommended by the Governor.

**Transportation.** Both the Senate and the Assembly approved a \$1.04 billion loan from the Traffic Congestion Relief Fund to the General Fund with the understanding that there would be no resulting delays in completing any transportation project.

**COPS/Juvenile Justice Prevention Program.** The Assembly rejected the Governor's proposal to cut \$116.3 million from the Juvenile Justice program and maintained current year funding of \$242.6 million. The Senate approved reduced funding of \$121.3 million to be split between both programs and denied trailer bill language to eliminate the Juvenile Justice Prevention Program.

**Child Support Penalties.** There seems to be some confusion over the Assembly action, which we previously reported as concurrence with the Senate action to split the penalties 50-50 between county general funds and the State. That may only be true if Federal legislation passes to cut the penalty in half to \$90 million, as the Governor's budget

assumes. However, if that legislation fails to pass (and at this point a bill has not been introduced), the remaining \$90 million would also be paid by counties. To further complicate matters, Legislative Counsel has opined that, while the Legislature can require counties to pay part of the penalty, it cannot constitutionally specify that counties pay their portion out of their general fund. Under current State law, penalties "shall be allocated to each local child support agency in proportion to its administrative costs..." unless the State chooses to pay some or all of the penalties with State funds. As a result, this issue will have to be addressed in the Budget Conference Committee.

### **Pursuit of County Position on Legislation**

**SB 1401 (Vincent)**, as amended on May 14, 2002, would indefinitely extend the existing authority to use blood platelets obtained from paid donors through the hemapheresis process. Otherwise, the authority would sunset on January 1, 2003. This measure would also require the administrator, medical director, or blood bank director of a hospital to annually sign and file with the State Department of Health Services a declaration regarding the sufficiency of apheresis platelet supplies obtained from volunteers.

The Department of Health Services (DHS) indicates that paid apheresis platelet programs currently supply almost 85 percent of the plateletspheresis units used by LAC + USC Medical Center. Loss of the authority to use blood platelet products from paid donors could result in severe shortages and increased costs for the Department. DHS estimates that the loss of paid blood platelet products could increase costs from \$395 to \$500 per unit. **Therefore, DHS recommends that the County support SB 1401 to extend the authority to use blood products obtained from paid donors, and we concur.** Support for SB 1401 is consistent with existing Board policy to support proposals which promote a stable supply of medications, medical supplies, and blood products.

According to the author's office, SB 1401 is sponsored by the Daniel Freeman Hospital. Although there has been no registered support or opposition, the author's staff believe that the American Red Cross of California may have some concerns regarding the bill. Senate Health and Human Services Committee staff indicate that the Red Cross disagrees with the legislation's premise that there is a shortage. In addition, they are concerned about the safety of paid blood donations.

SB 1401 is tentatively set for hearing on June 12, 2002 in the Senate Health and Human Services Committee.

### **Status of County Interest Legislation**

**County-sponsored AB 1832 (Pacheco)**, which would clarify social workers' access to dependent children's medical and counseling records, passed the Assembly Floor on May 23, 2002 by a vote of 58 to 1, with the understanding that the County will work with opponents of the measure in the Senate. This measure now heads to the Senate where it is awaiting referral to a policy committee.

**County-sponsored AB 1926 (Horton)**, which would allow a property owner to have stricken any deed provision deemed by the local county recorder to contain racially restrictive covenants, passed the Assembly Floor on May 23, 2002 by a 75 to 0 vote and now heads to the Senate where it is awaiting referral to a policy committee.

**County-supported AB 2238 (Dickerson)**, which would prohibit any State or local agency from posting on the Internet the home address or telephone number of any public official, their spouse or children who reside with the public official, passed the Assembly on May 29, 2002 on a vote of 72 to 0 and now goes to the Senate for assignment to a policy committee.

**County-supported AB 2729 (Wesson)**, which would allow direct cash payment from the Victims of Crime Fund to reimburse community-based organizations that utilize counselors to assist victims of domestic violence, passed the Assembly on May 29, 2002 on a vote of 76 to 2 and now goes to the Senate for assignment to a policy committee.

**County-opposed unless amended, SB 1793 (Burton and Karnette)**, which would eliminate the Youthful Offender Parole Board and divide its responsibilities between the Juvenile Courts and local probation departments, passed the Senate on May 29, 2002 and now goes to the Assembly for assignment to a policy committee.

**County-sponsored SB 1956 (Polanco)**, which would simplify the notice requirements for dependency hearings, passed the Senate Floor by a 34 to 0 vote and now proceeds to the Assembly for assignment to a policy committee.

**County-supported SB 2057 (O'Connell)**, which would make a person guilty of a misdemeanor if they knowingly make a false report to any agency or agency official responsible for conducting search and rescue operations, passed the Senate on May 29, 2002 on a vote of 39 to 0 and now goes to the Assembly for assignment to a policy committee.

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We will continue to keep you advised of any new developments.

DEJ:GK  
JR:md

c: Executive Officer, Board of Supervisors  
County Counsel  
All Department Heads  
Legislative Strategist  
Local 660  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations  
Buddy Program Participants